



February 9, 2007

SENATE BILL No. 181

DIGEST OF SB 181 (Updated February 7, 2007 3:08 pm - DI 110)

Citations Affected: IC 9-23.

Synopsis: Factory owned franchise limitation. Specifies that it is not an unfair labor practice for a manufacturer or distributor to establish or acquire for less than two years a franchisor owned outlet within the exclusive territory or market area of a franchisee.

Effective: July 1, 2007.

Weatherwax, Alting

January 11, 2007, read first time and referred to Committee on Commerce, Public Policy & Interstate Cooperation.
February 8, 2007, amended, reported favorably — Do Pass.

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SB 181—LS 6601/DI 103+



February 9, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 181

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 9-23-3-23 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. It is an unfair
3 practice for a manufacturer, distributor, officer, or agent to do any of
4 the following:

5 (1) Require, coerce, or attempt to coerce any new motor vehicle
6 dealer in Indiana to:

7 (A) change location of the dealership;

8 (B) make any substantial alterations to the use of franchises;
9 or

10 (C) make any substantial alterations to the dealership premises
11 or facilities;

12 if to do so would be unreasonable or would not be justified by
13 current economic conditions or reasonable business
14 considerations. This subdivision does not prevent a manufacturer
15 or distributor from establishing and enforcing reasonable facility
16 requirements.

17 (2) Require, coerce, or attempt to coerce any new motor vehicle

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SB 181—LS 6601/DI 103+



dealer in Indiana to divest its ownership of or management in another line or make of motor vehicles that the dealer has established in its dealership facilities with the prior written approval of the manufacturer or distributor.

(3) Establish or acquire wholly or partially a franchisor owned outlet engaged wholly or partially in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement or, if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable market area. A franchisor is not considered to be competing unfairly if operating:

(A) a business ~~either temporarily for a reasonable period of time;~~ **less than two (2) years;**

(B) in a bona fide retail operation that is for sale to any qualified independent person at a fair and reasonable price; or

(C) in a bona fide relationship in which an independent person or persons have made a significant investment subject to loss in the business operation and can reasonably expect to acquire majority ownership or managerial control of the business on reasonable terms and conditions.

This ~~subsection~~ **subdivision** shall not apply to recreational vehicle manufacturer franchisors.

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SENATE MOTION

Madam President: I move that Senator Alting be added as second author of Senate Bill 181.

WEATHERWAX

COMMITTEE REPORT

Madam President: The Senate Committee on Commerce, Public Policy and Interstate Cooperation, to which was referred Senate Bill No. 181, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 13, delete "one (1) year;" and insert "**two (2) years;**".
and when so amended that said bill do pass.

(Reference is to SB 181 as introduced.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 11, Nays 0.

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